

**REMARKS**

Claims 1-30 are now pending in the above-captioned application.

**INFORMATION DISCLOSURE STATEMENT**

Applicant would like to first thank the Examiner for the courtesy shown to applicant's representative during a recent telephone conference. Applicant desired to submit Prior Art references prior to the issuance of a First Office Action on the Merits. The Examiner graciously allowed the submission of this IDS and considered the references.

Applicant had recently become aware that a competitor is in the process of implementing a system similar to that invented by applicant, and wanted that reference made of record. Applicant also submits that this commercial activity by others is a clear indication that the invention has merit, is non-obvious, and represents an improvement over the art of record.

**OBJECTION TO THE ABSTRACT**

The Examiner objected to the Abstract as exceeding 150 words. The Abstract has been shortened and also amended to correct a minor typographical error. A new abstract is submitted herewith on a separate sheet.

**REJECTION UNDER 35 U.S.C. §102**

Claims 1-10, 13-35, and 28-30 were rejected under 35 U.S.C. §102(2) as being anticipated by Kaufman, U.S. Patent No. 7,062,457. Applicant respectfully traverses this rejection.

In order to be complete, an anticipation-type rejection must contain two elements:

1. The reference must qualify as "Prior Art" under one of the sections of 35 U.S.C. §102; and
2. The reference must explicitly teach *ALL* of the features of the claimed invention.

With regard to the first element, Applicant notes that the Kaufman reference has a filing date of September 22, 2000, less than one year prior to Applicant's Provisional Patent Application filing date of March 5, 2001. Thus, it may be possible for applicant to "swear behind" this reference, and applicant explicitly reserves the right to do so, if appropriate.

However, since applicant's invention is so fundamentally different than that of Kaufman, it does not appear such an affidavit is necessary at this time.

This §102 rejection is based, in part, on two pieces of case law, *In re Gulack*, and *In re Lowry*, which bear comment.

The *In re Gulack* case is an interesting cite for the Patent Office to make, as in that case, the Federal Circuit reversed the Patent Office. Moreover, the Federal Circuit made an explicit recitation that certain subject matter cannot be excluded from the claims as irrelevant.

In *Gulack*, the issue was whether printed matter was relevant to the claim limitations. Applicant presumes that the Examiner is making an analogy from printed matter to applicant's data ("descriptive material," as defined by the Examiner, Office Action, page 4, line 14). However, the Federal Circuit explicitly noted that such "descriptive material" can be relevant as a claim recitation, and in fact went to great pains to illustrate the point. To wit:

**We understand the board as not giving the printed matter patentable weight because the board felt that there is no functional relationship between the printed matter and the substrate. In doing so, we do not interpret the board as holding that the printed matter can be ignored because it, by itself, is non-statutory subject matter. The board cited no authority in analyzing the relevance of the lack of a functional relationship, or of the status of the printed matter as non-statutory subject matter, to its decision not to accord the printed matter patentable weight. Because of the possible ambiguity of the board's articulation of its holding, we feel compelled to clarify the distinction.**

**Differences between an invention and the prior art cited against it cannot be ignored merely because those differences reside in the content of the printed matter.<sup>8</sup> Under section 103, the board cannot dissect a claim, excise the printed matter from it, and declare the remaining portion of the mutilated claim to be unpatentable. The**

claim must be read as a whole.<sup>2</sup> If the board meant to disregard that basic principle of claim interpretation, we must reverse the rejection as a matter of law.

If, instead, the board sought only to construe and apply Miller within the context of a section 103 rejection, we find no error in the board's articulation of the law. **Where the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability.**<sup>16</sup> Although the printed matter must be considered, in that situation it may not be entitled to patentable weight. This, apparently, was the board's conclusion with respect to Gulack's invention.

**However, because we find that the digits of Gulack's invention are functionally related to the band, and because Wittcoff fails to disclose or suggest the subject matter recited in the appealed claims, considered as a whole, we reverse.** (*In re Gulack*, U.S. Court of Appeals Federal Circuit, March 30, 1983, 703 F.2d 1381, 217 USPQ 401, emphasis added)

Thus, it is clear, if there is a *functional relationship* between the "descriptive material" and other elements of the claim, the claim limitation cannot be ignored, and moreover the claim is thus distinguishable over the art of record.

However, the application of the *Gulack* case to the present application depends upon the validity of the Examiner's assertion that the data elements of the present invention are analogous to the printed matter in *Gulack*. As such, the Patent Office has selected certain specific cases to support its positions in these matters; however, the cases hold quite the contrary.

The *Lowry* case was the Patent Office's attempt to extend the non-existent printed subject matter exception (which was overturned by *Gulack*) to data elements. In this instance, the *In re Lowry* case explicitly holds, among other things, that data elements cannot be considered equivalent to printed matter, and moreover, data elements cannot be automatically excluded from consideration evaluating a claim. To wit:

**The Patent and Trademark Office (PTO) must consider all claim limitations when determining patentability of an invention over the prior art. *Gulack*, 703 F.2d at 1385. The PTO may not disregard claim limitations comprised of printed matter. See *Gulack*, 703 F.2d at 1384; see also *Diamond v. Diehr*, 450 U.S. 175, 191 [209 USPQ 1] (1981). This court in *Gulack*, however, would not give patentable weight to printed matter absent a new and unobvious functional relationship between the printed matter and the substrate. The Board in this case determined that Lowry's data structures were analogous to printed matter and therefore the specific features of the constituent ADOs deserved no patentable weight without a functional printed**

**matter-substrate relationship. Finding no such functional relationship between the ADOs and the memory, the Board refused to consider the specific data structure limitations.**

As an initial matter, this court notes that *Gulack* cautioned against a liberal use of “printed matter rejections” under section 103:

**A “printed matter rejection” under Section 103 stands on questionable legal and logical footing.** Standing alone, the description of an element of the invention as printed matter tells nothing about the differences between the invention and the prior art or about whether that invention was suggested by the prior art.... [The Court of Customs and Patent Appeals], notably weary of reiterating this point, clearly stated that printed matter may well constitute structural limitations upon which patentability can be predicated. *Gulack*, 703 F.2d at 1385 n.8. Despite this cautioning, the Board erroneously extended a printed matter rejection under sections 102 and 103 to a new field in this case, which involves information stored in a memory. This case, moreover, is distinguishable from the printed matter cases. The printed matter cases “dealt with claims defining as the invention certain novel arrangements of printed lines or characters, useful and intelligible only to the human mind.” *In re Bernhart*, 417 F.2d 1395, 1399, 163 USPQ 611, 615 (CCPA 1969). **The printed matter cases have no factual relevance where “the invention as defined by the claims requires that the information be processed not by the mind but by a machine, the computer.”** *Id.* (emphasis in original). Lowry’s data structures, which according to Lowry greatly facilitate data management by data processing systems, are processed by a machine. Indeed, they are not accessible other than through sophisticated software systems. **The printed matter cases have no factual relevance here.** (*In re Lowry*, U.S. Court of Appeals Federal Circuit, August 26, 1994, 32 F.3d 1579, 32 USPQ2d 1031, emphasis added)

Thus, it is clear from these two cases, that if there is a *functional relationship* between the “descriptive material” and other elements of the claim (*Gulack*), and the invention as defined by the claims *requires* that the information be processed not by the mind but by a machine, the computer (*Lowry*) then the claim language cannot be ignored by the Patent Office and moreover is distinguishable over non-analogous subject matter of the Prior Art.

(As an aside, it should be noted that the Federal Circuit makes it clear in the except above, that narrow interpretation of the printed subject matter exception, based on a “questionable legal and logical

footing” applies only to **§103 rejections**. Thus, one could argue that the entire §102 rejection in view of Kaufman, using the *Gulack* and *Lowry* case law is thus improper and should be thrown out. However, applicant recognizes that the Patent Office may have intended to make this rejection as a §103 rejection, or in the alternative, could simply re-present the rejection as a §103 rejection in a subsequent Office Action. Therefore in the interests of compact prosecution, applicant will address the rejection on its merits.)

In the present claims (as amended), the consumer data has a functional relationship with the other elements of the claim, in that the consumer preference data is used to generate reports, on a computer, indicative of consumer demand, and thus the data has a relationship to the functionality of the claims. Moreover, the information is received over an electronic network and processed in a database, not by the human mind, and thus, the claim language cannot be ignored by the Patent Office in considering the Patentability of the claims.

Now applying this case law in light of the Prior Art cited, Kaufman’s method and system provides a mechanism by which individual members of the public can participate in the financing of entertainment productions. In essence, the method creates a marketplace mechanism for securities which finance entertainment productions much like the existing market for securities which finance publicly held companies – “the stock market”. Participation in investments which finance entertainment productions presupposes (1) an interest in financing productions, (2) the financial wherewithal to do so, and (3) the financial acumen to evaluate an investment opportunity.

The motivation to invest in a production is the desire to realize a financial gain from eventual box office success of the production. The motivation of a consumer requesting an entertainment performance in the present invention is simply the desire to experience the performance. Kaufman’s “user” is an investor. Cruz’s “user” is a consumer of the production. Kaufman’s investor need not have an interest in experiencing a performance of the production to have a desire to invest in that production for financial gain. For example, an investor in the market for securities need not have an interest in owning a Caterpillar tractor to have a desire to realize financial gains from the purchase and possible appreciation in value of Caterpillar stock.

**Furthermore, the geographic dispersion of Kaufman’s investors provides no indication of the levels of demand for a performance of the production in cities around the country. As an**

**illustration, 50,000 “Participation Trust Units” purchased by residents of Sedona, AZ (which has among the highest per capita incomes of US cities) does not indicate there is greater demand among local consumers for a performance of the entertainment production than exists in Kansas City where only 7,000 units were purchased. Thus, the data gathered in the Kaufman invention has no validity or application in determining where the performance should be held. Thus, Kaufman fails to teach one of the key features of the present invention.**

The Examiner argues (Office Action, Page 3, lines 11-17) that an inventor, by purchasing a selected Participation Trust Unit is “giving a vote of trust to the success of the entertainment production(s) and the user is expressing demand in investing in the entertainment productions(s) or performances(s)” Applicant respectfully disagrees. First, an investor’s perspective of what a consumer may or may not like to watch cannot be considered an accurate indication of consumer demand. For example, movies such as *Waterworld* or *Heaven’s Gate* (both expensive fiascos) were financed by investors who “voted” that consumers would want to attend, while consumers voted otherwise at the box office. The present invention, in contrast, samples consumer demand directly, rather than relying upon instincts of concert promoters, investors, or the like to determine when and where a concert or the like should be scheduled.

Moreover, an investor may be thought to have “voted” by having invested in a production speculating that there may be consumer demand for a performance, while at the same time, having no interest in attending the performance itself. Thus, an investor from Sun City, Arizona might want to invest in the production of a “rap” record or movie under the Kaufman scheme, but that is not an indication that the retirees in Sun City are fond of that genre of music – only that they might believe that such a venture is likely to be profitable. If a concert promoter were to schedule a concert based upon the location of the investors, rather than ticket buyers, he might find himself out of business.

As illustrated by these examples, investing in an entertainment project is not analogous to expressing a personal desire to experience an entertainment performance and provides no means to gauge either the number nor geographic location of likely event attendees.

Moreover, Kaufman’s method provides for no means to contact the PTU holder proactively when a performance has been booked in the investor’s general locale to alert him to the availability of the performance, the performance venue, time, and date and to provide access to ticket purchase. If such

information is made available to the investor, it is done so on a web site thereby requiring that the investor happens to view the particular page(s) of the web site where such information resides in the days or weeks preceding the performance while tickets to the performance are still available. This and other feedback limitations are set forth in claims 7-9 and 22-24.

In short, Kaufman does not use his data proactively to determine the location of a performance (i.e., gauging user interest) nor to alert consumers to the existence of the performance in order to promote ticket sales. Kaufman only provides a mechanism for investing, which is not too dissimilar from investing in any stocks or bonds.

Thus, it is clear that the present invention is distinguishable from Kaufman in at least these two areas – (1) gauging consumer interest to identify, quantify, and uncover the location of prospective attendees of a performance, and (2) alerting consumers to the location, time, and other relevant details of a performance they have requested the opportunity to attend. Applying this information as well as the discussion of the case law, we now turn to the claims.

Claims 1 and 16 have been amended to more clearly distinguish the present invention over that of Kaufman. In particular, claim 1 now recited the step of receiving individual consumer demand data from individual consumers over an electronic network including votes indicating an individual consumer's desire to attend a performance. Kaufman, in contrast, receives only investor demand data indicating an investor's speculation as to whether a performance will be successful or not. Thus, claims 1 and 16 are further distinguishable over Kaufman, as in the present invention, actual individual consumers place requests, or "vote" for performances they wish to experience, whereas in the Examiner's interpretation of Kaufman, investors speculate as to the nature of consumer demand.

It is exactly this speculative nature of gauging consumer demand for entertainment performances that presents the risk the present invention is designed to solve. While Kaufman seeks to spread the risk of unsuccessful entertainment productions over a greater number of investors than was previously possible, the present invention seeks to reduce or eliminate the risk itself. Kaufman states that "...exploitation of Entertainment Productions is back-end loaded and speculative (since it is highly dependent on public tastes and attitudes which are unpredictable...". However, it is the purpose of the present invention to reduce or eliminate the speculative nature of public tastes and attitudes as they pertain to entertainment productions. Kaufman makes no claim that it is the purpose of his invention to solve or mitigate the

problem of unpredictability – only that his invention would broaden the sharing of the inherent risk to more members of the general public.

Moreover, Claims 1 and 16 have been specifically amended to recite that the consumer demand data includes one or more of time, location, and content of entertainment performances to allow users (users being concert promoters and event planners or the like) to schedule one or more of time, location and content, based upon indicated consumer demand to attend selected performances. Note that in the present amendment, the term “customer”, formerly used to describe the end user of the data collected from consumers, has been replaced by --user--. This change eliminates any confusion between the terms “consumer” and “customer” and moreover more accurately reflects the end user of the invention – who may be a customer of the service or an owner thereof.

In the Examiner’s view of Kaufman, investors speculate as to the relative success of a particular entertainment vehicle. However, nowhere in Kaufman is this investor information harvested and used to schedule time, location and content of performances – for the simple reason that investor confidence in a project is entirely independent of eventual performance locations.

The Patent Office argues that selection of the location of the performance is a “non-functional” limitation and thus is not given weight in the claims. As noted above, this interpretation of the case law is incorrect. The location of the performance is entirely functional in that it relates back to consumer location and consumer preference. In Kaufman, the location of performances is presumably determined using Prior Art techniques (e.g., scheduling theater showings based upon opinions of distributors and marketing consultants or the like). The interests of Kaufman’s investors have no relationship or connection to where the resulting films are shown and no mention of either a method nor system of aggregating consumer requests or gauging consumer preferences and their locations is made in the Kaufman patent.

With regard to claims 2 and 17, the Examiner argues that Kaufman’s teaching of informing investors of box office receipts and offering them trips to Hollywood amounts to the same thing as determining location for the performance based on consumer input. The Examiner has this backwards. In Kaufman, the investors are informed after the fact of box office receipts of a performance (and perhaps location data) based upon locations selected by the distributor of the film. The investors have no input into the process. In the present invention, local information is received from the consumer and then location of the performance determined from that local data. In Kaufman, offering trips to Hollywood premiere showings of films is



clearly proposed as a reward to investors who have been among the most financially successful in terms of financial gain – a promotional incentive to stimulate investing activity by users. The location – Hollywood – is predetermined for the promotion. Neither investors nor consumers influence the location of the premiere.

With regard to claims 3-4 and 18-19, the Examiner argues that box office receipts and other *post facto* data from Kaufman is indicative of consumer demand, and thus reads on these claims. As noted, the claims have been amended to recite that *individual* consumer data is input to the system and reports generated to determine where to place performances (or where or who). Kaufman teaches no such idea, but merely reports on data after the fact.

With regard to claims 5 and 20, these claims have been amended to recite the limitation of generating local information from consumer contact information so as to generate local preference data based upon a consumer's contact information (e.g., home address or the like), a feature neither taught nor suggested by Kaufman, as Kaufman does not use investor data to determine location of performances.

With regard to claims 6 and 21, Kaufman does not teach or suggest the use of a supplemental survey to provide one or more of demographic, contact, opinion, and personal preference data. The Examiner argues that this limitation is a non-functional descriptive term, and thus carries no weight. However, the claims, as amended, recite that the supplemental survey is received through the electronic network, and thus is structurally tied in with the rest of the claim elements.

With regard to claims 7 and 22, the Examiner objected to the vagueness of the wording of these claims. The claims have been amended to improve clarity. It is now clear that a message is sent over the electronic network to alert an individual consumer that a performance the individual consumer has requested is being scheduled.

With regard to claims 8-10 and 23-25, these claims have been amended to more closely tie the limitations with the electronic network. Kaufman does not target consumers based upon demographic or like information, but rather investors based upon investor information. As demonstrated earlier an investor in an entertainment project is not the same as a consumer of that same entertainment.

With regard to claims 13-15 and 28-30, these claims have been amended to more closely tie the data structures with the underlying system and method. Kaufman allows investors to select investments,

and investing in a performance, as noted previously, is not equivalent to requesting the opportunity to attend a desired performance.

### **REJECTION UNDER 35 U.S.C. §103**

Claims 11, 12, 26, and 27 were rejected under 35 U.S.C. §103 as being unpatentable over Kaufman. Applicant respectfully traverses this rejection.

In order to be complete, an obviousness-type rejection must contain two elements:

1. The references, as combined, must show all the features of the claimed invention (all elements rule); and
2. A *proper* motivation to combine the references must be provided.

In this instance, neither element is present.

The Examiner admits (Office Action, page 10, lines 12-21) that Kaufman does not teach or suggest providing consumer demand, demographic and preference data to users for market analysis. The Examiner is correct in this regard, as Kaufman does not gather such information in the first place. His investment scheme is just that – a vehicle for attracting investors to a movie project. The demands of investors are not used to determine which movie gets made, where to distribute it, at what dates and times, or the like (as previously noted above). And thus, there is no collection of demographic data or preference data to begin with. Thus Kaufman cannot further distribute such data for market analysis.

The Examiner argues that since Kaufman reports box office receipts, he is collecting and distributing demographic and demand data. However, in the previous rejection, the Examiner was arguing that the investors were the equivalent of the present invention's consumers. The argument that box office receipt data from consumers meets the limitations of the present claims negates the prior argument that the investors of Kaufman could be considered equivalent to the present invention's consumers. Simply put, the Examiner cannot have it both ways.

In order to meet all of the claim limitations of the present invention, Kaufman's consumer data would have to be derived from the requests for entertainment performances and demographic data of his

investors (at the very least). And of course, Kaufman makes no such teaching, as it would make no sense whatsoever to gauge market demand for a performance based upon the amount invested in it. By that argument, *Waterworld* and *Heaven's Gate*, two of the most expensive flops ever made, would have been, in fact the most popular movies of all time, as the Examiner is arguing that consumer interest can be derived from investment interest.

These claims have been amended to more closely tie the data elements to the structure of the method and system claims and improve clarity. Applicant submits that the reference fails to teach the limitations of these claims, and it is not "old and well known in the art" to use investor data to gauge consumer interest. Note that applicant explicitly traverses any and all "Official Notice" rejections in the present application and requests that the Examiner cite a reference of record showing the teaching of a claimed element that the Examiner claims is Prior Art under "Official Notice" or withdraw the rejection.

#### **OTHER ART**

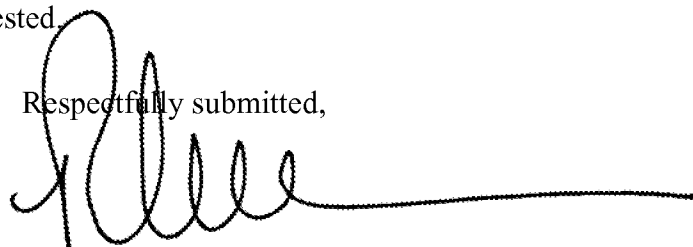
The Chacker Patent was cited as of interest. None of the claims of Chacker has anything to do with in-person attendance by consumers at entertainment performances. None of the stated Objects of the invention has anything to do with in-person attendance by consumers at entertainment performances. In Chacker, the public can vote on particular recording artists, and recording contracts offered to selected artists based on this data. No mention is made of selecting time, place, and content of a performance based upon this voting. Thus, Chacker seems only tangentially relevant to the present invention.

**CONCLUSION**

The Kaufman reference is directed toward a scheme whereby investors may invest in an entertainment production (e.g., movie) whereby investors may purchase shares online. There is nothing in Kaufman to teach or suggest the idea of using an online system to allow consumers to make a vote for performance location, time, and content. The idea that investor interest can be considered analogous to consumer interest is fundamentally flawed, as investors do not represent consumer demand. The claims have been amended to more clearly distinguish the present invention from the Prior Art, and thus applicant submits that all of claims 1-30 are allowable over the Prior Art of record.

An early Notice of Allowance is respectfully requested.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by several loops and a long horizontal line extending to the right.

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